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Tractors up to 50 Draw Bar Horse Power imported into India have been exempted from customs duty. These tractors are exempted from the whole of excise duty leviable thereon. No end-use certificate that such tractors are used solely for agricultural purpose is necessary. The trailers are made locally and there is, therefore, no question of payment of customs duty.

Under section 11-A of the Madras Motor Vehicles Act, 1939, tax need not be paid in respect of motor vehicles used solely for agricultural purposes. A motor vehicle used for transporting agricultural produce will not for the purpose of this section be deemed to be used solely for purposes of agriculture. The question of amending this section to cover all motor vehicles designed and used solely for agricultural operation on farms or farm lands in engaging the attention of the Government.

III.—GOVERNMENT BILLS.

(1) THE MADRAS GENERAL SALES TAX (SPECIAL PROVISIONS) BILL, 1964 (L.A. BILL NO. 44 OF 1964).

* THE HON. SRI R. VENKATARAMAN : Mr. Deputy Speaker, Sir, I beg to move—

'That the Madras General Sales Tax (Special Provisions) Bill, 1964 (L.A. Bill No. 44 of 1964) be taken into consideration'.

கனம் உதவி சபாநாயகர் அவர்களே, இந்த ஸ்டேட்மெண்ட் ரெகார்டுக்காகப் படித்தாலும், பல கனம் அங்கத்தினர்களுக்கு இந்த விஷயம் புரியாதோ என்று நான் அச்சப்படுவதால், முதலில் (திரு. மீ. கலியாணசுந்தரம்: புரியாத மாதிரி அந்த ஸ்டேட்மெண்ட் தயார் செய்யப்பட்டிருக்கிறதா அல்லது . . . .) இல்லை, இல்லை இது ரொம்ப டெக்னிகல் மேட்டார், 'லா' சம்மந்தப்பட்டது. ஆகவே முதலில் இரண்டொரு வார்த்தைகள் விளக்கத்திற்காகச் சொல்லிவிட்டு பிறகு இதைப் படிக்கிறேன். நான் இதற்கு முன்னால் ஏற்படுத்திய முறையில் வெளி ராச்சியங்களிலிருந்து "ரா ஹைட்ஸ்" கொண்டு வந்தாலும், 'ட்ரெஸ்ட் டேன்ட்ஹைட்ஸ்' கொடுத்து வந்தாலும் 2 சதவிகிதம் வரி கொடுக்க வேண்டும் என்று போட்டு இருந்தோம். 'ரா ஹைட்ஸ்' விலை மதிப்புக் குறைவு. 'ரஸ்ட் ஹைட்ஸ்' விலை மதிப்பு அதிகம். இரண்டு மூன்று மடங்கு கூட இருக்கும். ரா ஹைட்ஸ் ரூ. 100 என்றால் ட்ரெஸ்ட் ஹைட்ஸ் ரூ. 200, 300 கூட இருக்கும். ஆகவே அம்மாதிரி வரி விதித்தால், வெளிராச்சியத்திலேயிருந்து ரா ஹைட்ஸ் கொண்டு வந்து நம் ராச்சியத்திலே ட்ரெஸ் செய்தால் வரி ரூ. 2 தான் கொடுக்க வேண்டும். டேன்ட் ஹைட்ஸ் கொண்டு வந்தால், அதனுடைய மதிப்பு ரூ. 200 என்றால், ரூ. 4 டாக்ஸ் கொடுக்க வேண்டும். இப்படி வரி விதித்தது சுப்ரிம் கோர்ட்டில் சரியில்லை, அது டிஸ்க்ரிமினேஷனாக இருக்கிறது, சென்னை ராச்சியத்திற்குள்ளே 'டேன்னிங்' செய்கிறவர்களுக்கு சலுகை ஆகவும், 'ட்ரெஸ்ட் டேன்ட் ஹைட்ஸ்' டீல் செய்கிறவர்களுக்கு பாதகமாகவும் இருக்கிறது, ஆகவே இந்த டிஸ்க்ரிமிடேஷன்

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தவறு என்று சொல்லிவிட்டார்கள். அந்த டிஸ்கிரிமினேஷனைப் போக்கி, ரா ஹைட்ஸ் என்ன மதிப்போ, அந்த அளவுக்கு வரி கொடுக்க வேண்டும் என்று சட்டம் கொண்டு வந்தோம். இப்பொழுது ஸ்டேட்மெண்டைப் படிக்கிறேன்.

Rule 16 of the Madras General Sales Tax (Turnover and Assessment) Rules, 1939, prescribed the points at which the single point tax on hides and skins were to be assessed and collected under the Madras General Sales Tax Act, 1939. According to this rule, untanned hides and skins were liable to a State sales tax of 2 per cent at the point of last purchase. Tanned hides and skins were liable to a sales tax of 2 per cent at the point of first sale provided they had not suffered State sales tax as untanned hides and skins. This would mean that in the case of hides and skins bought and tanned within the State and then sold within the State, the liability to tax was only on the untanned hides and skins at 2 per cent of their purchase value at the last purchase, whereas if hides and skins tanned outside this State were imported and sold here, they would be liable to a first point sales tax of 2 per cent on their value, which no doubt would be substantially higher than the value of the same hides and skins in the untanned condition. In Writ Petition No. 147 of 1959, the Supreme Court held rule 16 (2) of the Madras General Sales Tax (Turnover and Assessment) Rules, 1939, as invalid, on the ground that the rule discriminated in the matter of levy of tax between hides and skins imported from outside the State and hides and skins purchased within the State and thus contravened the provisions of Article 304 (*a*) of the Constitution. That is with regard to inter-State trade and commerce. As the State would have to forego large revenues if the decision of the Supreme Court were to be given effect to, there was an urgent need to remove the discrimination pointed out by the Supreme Court in the matter of levy of tax on hides and skins and to provide re-assessment and collection of tax from dealers on hides and skins without any discrimination. The Madras General Sales Tax (Special Provisions) Ordinance, 1963 (Madras Ordinance 3 of 1963) was accordingly promulgated to achieve the object mentioned above and this House passed the Madras General Sales Tax (Special Provisions) Act, 1963 (Madras Act 11 of 1963) to replace the Ordinance.

Under Madras Act 11 of 1963, the rate of tax on sale of dressed hides and skins, during the period commencing on the 1st April 1955 and ending on the 31st March 1959 as raw hides and skins is 2 per cent of the amount for which such hides and skins were last purchased in the untanned condition. The Supreme Court again held in Haji Abdul Shukoor vs. State of Madras (Writ petitions 201 to 203 of 1963) that sub-section (1) of section 2 of Madras Act 11 of 1963 discriminated against imported hides and skins, which were sold up to the 1st August 1957, up to which date (according to the Supreme Court) the tax on sale of raw hides and

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skins was at the rate of 3 pies per rupee or one and nine-sixteenth per cent and that the sub-section could not be held to be valid even to the 1st August 1957 as the provision was void with respect to a certain initial period. The Government examined the judgment of the Supreme Court and they decided to amend Madras Act 11 of 1963 so as to bring that Act into conformity with the judgment subject, however, to the modification that the rate of one and nine-sixteenth per cent would operate only up to the 31st March 1957 and not up to the 1st August 1957, as the rate of tax of the sale of hides and skins (whether in a raw or dressed state) was increased to two per cent even from the 1st April 1957 by Madras Ordinance 1 of 1957.

The general rate of tax specified in section 3 (1) of Madras Act IX of 1939, which had no application to hides and skins with effect from the 1st April 1957, was however increased to two per cent only with effect from the 1st August 1957, by Madras Act III of 1957.

As the situation that arose in 1963 had again arisen, there was an urgent need to remove the discrimination pointed out by the Supreme Court and so the Madras General Sales Tax (Special Provisions) Ordinance, 1964 (Madras Ordinance 1 of 1964) was promulgated

The Bill seeks to re-enact the provisions of Madras Act 11 of 1963, as amended by Madras Ordinance 1 of 1964, with suitable modifications and to repeal the said Act and the Ordinance.

With these words, Sir, I commend the motion for the acceptance of the House.

MR. DEPUTY SPEAKER : The question is—

"That the Madras General Sales Tax (Special Provisions) Bill, 1964 (L.A. Bill No. 44 of 1964) be taken into consideration."

The motion was put and carried and the Bill was taken into consideration.

Clauses 2 and 3 were put and carried.

Clause 1, the Enacting Formula and the Long Title were put and carried.

THE HON. SRI R. VENKATARAMAN : Sir, I move—

"That the Madras General Sales Tax (Special Provisions) Bill, 1964 (L.A. Bill No. 44 of 1964) be passed."

The motion was put and carried and the Bill was passed.